

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 1643 - SB 1865**

March 30, 2011

**SUMMARY OF BILL:** Establishes the “Public Improvement District Act.” Defines a “Public Improvement District” (PID) as a special district whose boundaries are contained wholly within a single county or two or more contiguous counties. Authorizes a municipality to establish an independent special district to manage and finance public improvements through the levy and collection of special assessments or issuance of bonds to make basic infrastructure improvements. Requires a PID to obtain a certificate of public convenience and necessity from the Tennessee Regulatory Authority (TRA). Authorizes a municipality to create a PID by ordinance upon the filing of a petition with the clerk of the municipal legislative body. Requires the petition to contain a description of the boundaries of the proposed PID; the written consent to the establishment of the PID by not less than the majority of the owners of real property in the proposed area; designation of the initial board members; the proposed name of the district; a map of the proposed district including existing infrastructure; a proposed timetable for construction of district services; and the estimated cost for such construction. Requires a PID board to consist of five members who will receive \$200 compensation per meeting, not to exceed \$4,800 per year per member and additional compensation for travel expenses incurred. Requires a PID to employ a district manager who may employ additional staff. Requires an annual audit of the district’s financial records. Authorizes a PID to retain one percent of special assessment collections and to expand or contract its boundaries by the same manner in which they were established.

**ESTIMATED FISCAL IMPACT:**

**Increase Local Revenue – Exceeds \$1,000,000/Permissive**

**Increase Local Expenditures – Exceeds \$1,000,000/Permissive**

**Assumptions:**

- No fiscal impact to state government.
- The fiscal impact of this bill as it relates to local governments is dependent upon multiple unknown factors.
- Any increase in local government revenue is dependent upon several unknown factors such as the number of municipalities that will establish a PID, the total number of properties incorporated within a district, the size of the district and the number of services being provided, the scope of infrastructure improvements, the total staff necessary to best serve the district, the rate of levies or special assessments applied

**HB 1643 - SB 1865**

within each district, the total collection rate, the total amount of bonds issued, the rate and term of bonds issued, and the liability assumed by each municipality. Given these unknown factors, a precise estimate for increased local revenue is difficult to determine. However, the permissive increase in local government revenue is reasonably estimated to exceed \$1,000,000 per year.

- Any increase in local government expenditures is dependent upon several unknown factors such as the number of municipalities that will establish a PID, the total number of properties incorporated within a district, the size of the district and the number of services being provided, the scope of infrastructure improvements, the total staff necessary to best serve the district, the rate of levies or special assessments applied within each district, the total collection rate, the total amount of bonds issued, the rate and term of bonds issued, and the liability assumed by each municipality. Given these unknown factors, a precise estimate for increased local expenditures is difficult to determine. However, the permissive increase in local government expenditures is reasonably estimated to exceed \$1,000,000 per year.
- According to TRA, the provisions of this bill will not have an impact on the Department.

#### **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/agl